

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board/President/Management

(City/State/Zip Code)

We have performed the procedures enumerated below based upon the requirements outlined in the Department of Disabilities and Special Needs (DDSN) Provider Audit Policy (275-04-DD) for the State fiscal year ended June 30, _____ related to Medicaid billings and/or the provider's management of Consumers' Personal Funds for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs, which were agreed to by the management of _____ (Provider's name) for the year ended _____ (Provider's yearend). _____ (Provider's name) management is responsible for establishing policies and procedures, and for the maintenance of records and supporting documentation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of our testing are as follows:

Medicaid Billing

1. We obtained an understanding of the Medicaid billing process and controls over Medicaid billable services through discussions with management and consultations with program staff. In documenting our understanding, we also learned that the provider served a total of _____ consumers for whom Medicaid services were billed for the period tested.
2. We selected a sample of _____ consumers from the total number of consumers for which the provider is receiving payments for Medicaid billable services. For the consumers selected, we tested Medicaid billings for _____ month(s) to determine the following:
 - a. Documentation is on file to support the billings. In addition, we performed tests to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.

Results/Finding:

- b. Services are being provided to the consumers as indicated in the documentation on file. For the consumers selected for testing, have the supervisor make contact (face-to-face or by phone call) with the consumer and/or family member and inquire if the services were provided as indicated in the service notes.

Results/Finding:

- c. Monitorship is being provided by supervisory staff, as evidenced by their signature or initials and date of review, on an on-going basis so as to provide reasonable assurance to the provider organization that the billable services are being provided to the consumers and/or families as indicated by the documentation on file.

Results/Finding:

3. Consumers' Personal Funds

We gained an understanding of the controls over consumers' personal funds managed by provider staff through our discussions and inquiries with management. In order to gain a more accurate understanding of the nature and treatment of consumers' personal funds we consulted with the residential program staff since these employees are directly responsible for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs.

In documenting our understanding, we learned that the provider manages personal funds for a total of _____ consumers. From this total, we selected a sample of _____ consumers and reviewed their account activity for _____ month(s) to determine the following:

- a. Each member of the provider staff having access to consumers' personal funds is bonded.

Results/Finding:

- b. Consumers' personal funds are not borrowed, loaned, or co-mingled by the provider or another person or entity for any purpose, or combined or co-mingled in any way with the provider's operating funds.

Results/Finding:

- c. Consumers' checking and/or savings accounts are established in the consumers' names and social security numbers, or that they indicate that the accounts are for the benefit of the consumers (fiduciary relationship).

Results/Finding:

- d. Withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.

Results/Finding:

- e. A copy of the commercial bank signature card is on file in the consumers' permanent files.

Results/Finding:

- f. Items costing \$50 or more are purchased by check from the consumers' accounts.

Results/Finding:

- g. All sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.

Results/Finding:

- h. Bank reconciliations for consumers' accounts are being performed within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.

Results/Finding:

- i. Through a representative sample of consumers' purchases, determine that receipts are on hand to support expenditures for non-incidental purchases made from the consumers' personal funds. (Purchases should be selected from the consumers' accounts in the sample for the month(s) chosen for review.)

Results/Finding:

- j. Checks are not written to "Cash."

Results/Finding:

- k. Consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.

Results/Finding:

- l. Actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.

Results/Finding:

4. Minimum Salary/Hourly Wage:

We gained an understanding of the requirements of paying Early Interventionists, Case Managers, and Direct Care Staff in accordance with the Provider's contract with DDSN.

NOTE: Current (05/12/14) entry level salary for Service Coordinators and Early Interventionists will be \$30,762 annually. Entry level Direct Care Staff will be paid \$9.59 an hour.

We determined whether or not the provider was paying all of the Early Interventionists, Case Managers, and Direct Care Staff the established minimum salary or hourly wage in accordance with the DDSN contract.

Results/Finding:

5. Room and Board Policy:

We gained an understanding of the status of the DDSN Room and Board Policy through our discussions and inquiries with management.

We determined whether or not the provider has established and implemented a Room and Board Policy for consumers' fees that has been reviewed and approved by DDSN.

Results/Finding:

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the provider's policies and procedures over Medicaid billings and/ the management of consumers' personal funds and compliance with applicable laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of (provider's name) and DDSN and is not intended to be or should not be used by anyone other than these specified parties.

[Signature]

[Date]